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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 12/06/07

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ARTICLES:

- (1) U.S. Deputy Chief of Mission expresses hope for early resumption of refueling operation

SANKEI NET (Full)
1:30, December 6, 2007

United States Deputy Chief of Mission to Japan Joseph R. Donovan gave an interview to the Sankei Shimbun in Osaka yesterday. Referring to the new antiterrorism special measures bill, now under discussion in the House of Councillors, Donovan expressed hope for an early enactment of the legislation, saying: "We hope that Japan will find a way to resume the refueling mission in the near future." He also emphasized the significance of Japan's activities in the international community by touching on the fact that when the Maritime Self-Defense Force's supply ship returned home following the expiration of the Antiterrorism Special Measures Law, it was received by the ambassadors of various countries, including Pakistan and Afghanistan.

Referring to the planned six-party heads-of-delegation meeting on the North Korean nuclear issue, Donovan noted: "North Korea should declare that it will end all its nuclear-related activities and nuclear development programs by the end of the year." He added that (the United States) will not delist North Korea as a state sponsor of terrorism "unless there is progress in the six-party talks and an agreement is reached in the process of the talks."

Touching on the relationship between Japan and North Korea, he stated: "We will urge North Korea to improve its relationship with Japan. Our position is that the abduction issue in particular is included." He indicated that the U.S. stance of placing priority on the abduction issue will not change. Moreover, on the possibility of Assistant Secretary of State Christopher Hill, chief U.S. delegate to the six-party talks, visiting Japan before year's end, Donovan indicated that the United States will work in close cooperation with Japan.

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U.S. Deputy Chief of Mission Joseph R. Donovan speaks to Sankei Shimbun on Dec. 5 at the U.S. Consulate General in Kita Ward, Osaka.

(2) Government, ruling coalition to arm themselves with theoretical backing in order to take re-vote on new antiterrorism legislation, noting that a censure motion has no "legal binding force"

YOMIURI (Page 4) (Full)
December 4, 2007

The government and the ruling coalition are beginning to prepare themselves for a theoretical argument in order to again put to the vote the new antiterrorism special measures bill in the Lower House in the event that the bill is rejected by the Upper House or in the event that the bill is deemed "rejected" by the Upper House. The government and the ruling coalition are taking the position that since the Constitution allows a re-vote, even though the opposition bloc plans to submit a censure motion against the prime minister, that motion has no legal binding force. Meanwhile, the major opposition Democratic Party of Japan (DPJ), which has become the first party in the Upper House as a result of this summer's Upper House election in July, is opposing the move by the government and the ruling bloc to take a re-vote, arguing that the will of the people shown in the Upper House election will be denied.

Ruling bloc wants to avoid dissolution of Lower House

Meeting the press on Dec. 3, the ruling Liberal Democratic Party's (LDP) Secretary General Ibuki emphasized his intention to devote himself to passing the new antiterrorism legislation. When asked about taking a re-vote on that bill, Ibuki said: "We have yet to study that option."

Contrary to his remark, however, the LDP has already finalized an internal report on a re-vote and the validity of a censure motion. The report notes: (1) The Lower House's choice overrides the Upper House's choice, for instance, in the Diet's nomination of a prime minister, and the functions of the Upper House are limited to "supplementing the Lower House and laying restraint on the Lower

House's activities" and (2) even though the Upper House may adopt a censure motion against the prime minister, the motion has no legal binding force.

These points in the report are in line with a set of proposals released in November by the National Council for Building a New Japan, a forum consisting of Kikkoman Corp. Chairman Yuzaburo Mogi, Gakushuin University Prof. Takeshi Sasaki, and others.

The council's proposals conclude that a censure motion submitted by the Upper House has no validity, citing such constitutional provisions as Article 63, which says the prime minister and cabinet members can attend the Diet session at anytime, Article 67, which says the Diet's lower chamber's choice overrides the upper chamber's choice in the Diet's nomination of a prime minister, and Article 69, which says it is the lower chamber that can pass a no-confidence motion against the prime minister.

Prime Minister Fukuda, as well, told reporters in Singapore on Nov. 21: "I wonder whether there is someone who can censure me." Fukuda cast doubts on the move by the opposition bloc to submit a censure

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motion on the grounds of the ruling bloc taking a re-vote.

When it comes to the Lower House approving bills rejected by the Upper House, there has been only one such case, namely, a bill allowing motor boat races was re-adopted in June 1951. When it comes to cases of the Lower House approving a bill that were rejected by the Upper House, there also has been only one, namely, a special measures bill for the transfer of assets under a special account for national hospitals.

The ruling parties are concerned that taking a re-vote may be viewed by the public as a high-handed approach. So, from now on they intend to assert that while it is unusual to take a re-vote, doing so is justifiable.

The ruling parties' move to arm with theoretical backing regarding a re-vote reflects their ulterior motive to avoid the case of dissolving the Lower House for a snap general election.

There is the indication that if a re-vote is taken, the DPJ would adopt a censure motion against the prime minister (in the Upper House), thereby throwing the Diet into confusion and driving the ruling bloc into dissolving the Lower House. In order to avoid this possibility, the ruling parties intend to emphasize that a censure motion has no legal binding force.

DPJ highlights the people's will

Meanwhile, the DPJ's Diet Affairs Committee Chairman Kenji Yamaoka said that the case of the Lower House overriding a bill rejected by the Upper House "would mean the Lower House has rejected the people's will."

On Nov. 3, Yamaoka met separately with Deputy President Kan, Secretary General Hatoyama, and DPJ Upper House Caucus Chairman

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Azuma Koshiishi and discussed how to deal with the new antiterrorism legislation. As a result, they agreed that the party would put together a set of problems about a re-vote and use them to form the party's unified view.

The DPJ's Upper House Diet Affairs Committee Chairman Susumu Yanase, too, insisted on his website that day: "If the LDP and the New Komeito re-adopt a bill that has split public opinion into two, then the Lower House should be dissolved immediately. This matter has nothing to do with the question of whether a censure motion submitted to the Upper House is adopted."

(3) Fukuda beginning to demonstrate his imprint in foreign and security policies; Foreign policy study panel's inaugural meeting set for Dec. 9

Chief Cabinet Secretary Nobutaka Machimura announced in a press conference yesterday that the Foreign Policy Study Council (Gaikou seisaku benkyoukai), chaired by National Defense Academy President Makoto Iokibe, an advisory panel to Prime Minister Yasuo Fukuda, will hold its inaugural meeting at a Tokyo hotel on Dec. 9. Two months into office, Prime Minister Fukuda is now trying to establish a diplomatic system led by Kantei (Prime Minister's Official Residence) with an eye on the planned visit to China and the G8

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Summit, which Japan will host next July in the Lake Toya hot-spring resort area in Hokkaido.

The council comprising eleven individuals specializing in such fields as diplomacy, security, and global economy will frankly exchange views with the prime minister on foreign policy while dining. Chief Cabinet Secretary Machimura and Assistant Deputy Chief Cabinet Secretary Hiroyasu Ando will also join as necessary.

Machimura told the press conference: "Having a variety of information will help the prime minister perform summit diplomacy that is broad and deep."

The council is modeled after the task force on external affairs, which Fukuda ran as chief cabinet secretary under the former Koizumi administration. The council includes many task force members, such as Yukio Okamoto who chaired it.

Important diplomatic events are lined up for the prime minister, such as a visit to China, the Tokyo International Conference on African Development (TICAD) to be held in Yokohama next May, and the G8 Summit. Fukuda seemingly wants to boost his presence in the international community. "The question is how much Prime Minister Fukuda can demonstrate his policy imprint by the G8 Summit," a person close to Fukuda said.

Fukuda has been busy dealing with Diet affairs these days. Although his administration is still being challenged to quickly pass the new antiterrorism legislation, Fukuda's apparent determination to expand his knowledge of diplomacy and security, his forte, seems to reflect his calm calculation in running his administration.

He has also embarked on a Kantei-led effort to reform the scandal-prone Ministry of Defense (MOD) by establishing a MOF reform council composed of experts and Machimura.

Foreign Policy Study Council members: Makoto Iokibe (chair), president of National Defense Academy; Yukio Okamoto, former adviser to the prime minister; Masao Okonogi, professor at Keio University; Shinichi Kitaoka, professor at the University of Tokyo; Yorihiro Kojima, vice-chairman of the Japan Association of Corporate Executives; Kyosuke Shinozawa, former president of the Japan Bank for International Cooperation; Takashi Shiraishi, vice president of National Graduate Institute for Policy Studies; Akihiko Tanaka, professor at the University of Tokyo; Sakutaro Tanino, former ambassador to China; Hiroshi Nakanishi, professor at Kyoto University; and Osamu Watanabe, former chairman of the Japan External Trade Organization.

(4) Debate over "buried money" to fund fiscal reconstruction heating up in LDP; Nakagawa suggests using reserve funds in special accounts

Debate on whether surplus money to finance fiscal reconstruction measures exists in the government is heating up in the Liberal Democratic Party. Former Secretary General Hidenao Nakagawa, who places importance on growing the economy, has said that there are reserve funds in special accounts, but lawmakers placing emphasis on fiscal reconstruction are reacting to remarks by such pro-growth

lawmakers implying the avoidance of a hike in the consumption tax. The dispute over economic policy in the LDP may affect work of compiling next fiscal year's budget.

Delivering a speech at an end-of-year gathering of economists held in Tokyo last night, Nakagawa revealed that he had suggested to Prime Minister Yasuo Fukuda just before the gathering that the government should use reserve funds in special accounts. Nakagawa said: "I told (the prime minister) about where surplus money is kept. Prime Minister Fukuda was already aware of the location."

The buried funds mentioned by Nakagawa point to reserve funds in the Fiscal Loan Fund Special Account and in the Foreign Exchange Fund Special Account, totaling approximately 40 trillion yen. Nakagawa also proposed lowering the ratio of reserve funds to the total asset of the Fiscal Loan Funds Special Account, as well as moving more profits from managing the latter account to the general account.

Chief Cabinet Secretary Nobutaka Machimura said in a press briefing yesterday: "It is unreasonable to say that you may spend money lavishly because there seem to be surplus money." There are no signs that the dispute will be settled soon.

(5) DPJ Tax System Research Commission starts discussion:
Reallocation of national auto tax revenues; Child allowance in place of dependent exemption

MAINICHI (Page 5) (Full)
December 6, 2007

The Tax System Research Commission (chaired by Hirohisa Fujii) of the Democratic Party of Japan (DPJ or Minshuto) has started full-fledged discussions on annual tax code revisions for fiscal 2008. It plans to outline a tax code revision outline countering the government-ruling camp-sponsored outline. The government is unable to ignore the DPJ's move due to its dominance in the Upper House since the July election. The DPJ is geared up to force the government to dissolve the Lower House for a snap election, opposing its budget bill, based on this outline. Focus will be a drastic revision of special-purpose road construction funds and the income tax.

Attaching importance to regional areas in the wake of the crushing defeat in the Upper House election, the Liberal Democratic Party (LDP) is insisting that special-purpose road construction revenues should be allocated for other uses, after securing a road budget for the consolidation of the road systems.

However, the DPJ is calling for allocating all special road construction funds for other purposes. It wants to give the impression that the LDP is negative toward reform, by proposing scrapping temporary duty rates of the gasoline tax and establishing an environment tax to be imposed on gasoline.

However, many members, mainly those who were elected in regional constituencies are strongly against allocating road construction funds to be used for other purposes. One lawmaker responsible for national land and transport policy during an expanded meeting of executives of the Tax System Research Commission, said, "We should see how the situation develops, while keeping the special-purpose road-construction revenues in place."

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The DPJ included in its manifesto for the Upper House election this summer establishment of a 26,000-yen allowance per child. It eyes abolition of spouse tax credit and dependent exemption as funding resources for that.

However, the proposal has been criticized by the LDP, which is negative toward revising the tax exemption system, because households without children would have to share more burdens.

However, Motohisa Yoshikawa, vice chairman of the DPJ Tax System Research Commission underscored: "The idea is that society is responsible for posterity. The system will in the end lead to a stable social security system."

The LDP has put off a consumption tax hike in fiscal 2008. The DPJ's stance is to maintain the current rate of 5 PERCENT and allocate all revenues for pension benefit payments. If the full amount is allocated for pensions, revenues allocated to local governments would run short. However, another proposal is securing funding resources by establishing a new tax targeting companies.

(6) Editorial: Urgency of Defense Ministry reform to prevent the ministry from producing another "Moriya"

MAINICHI (Page 5) (Full)
December 6, 2007

The Council of Experts on Reform of the Defense Ministry has begun a debate to pave the way for drastic reform of the ministry as serious problems involving the ministry gradually come to light. The panel was formed under the initiative of the Prime Minister's Official Residence (Kantei). It is said that the direct reason for setting up the council is that Prime Minister Yasuo Fukuda became furious when he heard of the cover-up by a Maritime Staff Office division director of a data error about the amount of fuel provided by the Maritime Self-Defense Force (MSDF) to a U.S. oilier. It is certainly natural for the Prime Minister to feel a sense of crisis that civilian control will be disrupted by the cover-up of data that is used a material for defense policy making.

The situation has now become even more serious.

With former Administrative Vice Defense Minister Takemasa Moriya having been arrested on charges of receiving bribes, we now know that serious corruption in defense administration has been going on.

The Moriya scandal appears to be linked not only to the cozy ties between a defense bureaucrat and a company over the ministry's procurement of defense equipment but also to defense interests connected with politicians and Japan-U.S. relations. In order to obtain the public's understanding, the council has to come up with measures to reform the ministry to prevent a re-occurrence of such corruption. The panel proposed carrying out civilian control in a thorough manner, establishing stricter information security, and procuring defense equipment in a transparent way. Although the proposed items are interrelated issues, carrying out civilian control in a thoroughgoing way is the main issue.

Based on a deep repentance for allowing the military to get out of control in the prewar period, the concept of civilian control was introduced in the process of the rearmament of Japan in the postwar

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era. Since the Meiji Constitution stipulated that the Emperor had the right to control the military, the military was free from parliamentary control. In the process of establishing the Self-Defense Forces (SDF), it was decided that civilian control would be carried out by "political control" by politicians elected by the people and "official control" by defense bureaucrats.

The Moriya scandal has revealed a distorted system of civilian control in which official control has expanded but political control has become unreliable.

Moriya served as administrative vice minister, the highest defense bureaucratic post, for four years and one month. During his tenure as vice minister, the defense chief's post changed six times. It was probably natural for Moriya, who was in charged of personnel changes of defense officials almost nine years, including his tenure as deputy vice minister, had a more powerful grip on the ministry than did politicians.

It is stipulated that nine senior defense officials, including administrative vice minister, as defense counselors should support

defense minister in drafting defense policy. However, there are suspicions that Moriya was the real power in controlling the ministry.

Unless politicians or the Diet have the necessary power to control the SDF, measures to reform the ministry will not be effective. Reform of the Defense Ministry will start with politicians becoming the leading players in carrying out civilian control.

SCHIEFFER